



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: September 9, 2008

TO: Mayor and Councilmembers

FROM: Business Division, Waterfront Department

SUBJECT: Agreement For Audit Services With Pyne, Waltrip, Decker And McCoy, LLP

RECOMMENDATION:

That Council authorize the Waterfront Director to execute a three-year agreement between the City and Pyne, Waltrip, Decker and McCoy, LLP, to perform revenue examinations for the Waterfront Department, in an amount not to exceed \$127,488 over the term of the contract.

DISCUSSION:

Since 1995, the firm of Pyne, Waltrip, Decker and McCoy (Certified Public Accountants) has conducted revenue examinations ("audits") for the Waterfront Department. Pyne/Waltrip also provides auditing services to the Airport Department, Finance Department, and occasionally for tenants of the Parks and Recreation Department.

The Waterfront Department audits percentage rent tenants on a four year cycle, and prior to a lease renewal or lease assignment. Pyne/Waltrip provides a report at the conclusion of each audit that lists accounting recommendations, and indicates if any additional rents are due. Since Pyne/Waltrip began conducting the lease audit program in 1995, the Waterfront Department spent \$302,072 on the audit program and recovered \$557,038 in past due rents, late fees, and audit fees.

The contract expired on June 30, 2008. Staff issued a Request for Proposal (RFP) in May and the RFP closed on June 12, 2008. Proposals were received from Pyne/Waltrip and Bartlett, Pringle & Wolf LLP. The proposal from Pyne/Waltrip was the low bid and the firm also has more experience in auditing percentage rent leases.

The proposed audit services agreement will be effective through June 30, 2011. The Waterfront Department will pay Pyne-Waltrip \$3,720 for each audit initiated before June 30, 2009, \$3,910 for each revenue examination initiated on or before June 30, 2010, and \$4,105 for each revenue examination initiated on or before June 30, 2011, not to exceed \$127,488 over the three-year period.

Waterfront staff recently reviewed the results of the Waterfront tenant audit program with the Harbor Commission. The audit program was initiated in 1992.

Funds for these services are available in the Waterfront Department budget.

PREPARED BY: Scott Riedman, Waterfront Business Manager

SUBMITTED BY: John N. Bridley, Waterfront Director

APPROVED BY: City Administrator's Office